MINUTES

MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON HUMAN SERVICES

Call to Order: By **CHAIRMAN ARLENE BECKER**, on February 9, 2005 at 3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:
Rep. Arlene Becker, Chairman (D)
Rep. Tom Facey, Vice Chairman (D)
Rep. Don Roberts, Vice Chairman (R)
Rep. Mary Caferro (D)
Rep. Emelie Eaton (D)
Rep. Gordon R. Hendrick (R)
Rep. Teresa K. Henry (D)
Rep. William J. Jones (R)
Rep. Dave McAlpin (D)
Rep. Tom McGillvray (R)
Rep. Mike Milburn (R)
Rep. Ron Stoker (R)
Rep. Pat Wagman (R)
Rep. Bill Warden (R)
Rep. Jonathan Windy Boy (D)

Members Excused: Rep. Art Noonan (D)

Members Absent: None

Staff Present: Susan Fox, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing & Date Posted: HB 387, 2/3/2005; HB 437, 2/3/2005
HB 529, 2/3/2005; HB 555, 2/3/2005
Executive Action:

CHAIRMAN BECKER invited REP. CAFERRO to give the Committee a brief overview on Temporary Assistance For Needy Families (TNAF).

REP. MARY CAFERRO gave her overview and handed the Committee her written notes.
EXHIBIT(huh32a01)

HEARING ON HB 437

Sponsor: **REP. MARY CAFERRO, HD 80, HELENA**

Opening Statement by Sponsor:

REP. MARY CAFERRO opened the hearing on **HB 437** which would allow DPHHS to use the Electronic Benefit Transfer (EBT) card for cash benefits for TANF families. Families would have a choice of the EBT card, direct deposit or check. It amends Section 53-2-608 to remove reference to checks as the only method. It is a cleanup and clarification bill. It should also be a cost-saving bill.

Proponents' Testimony:

Hank Hudson, Administrator, Human and Community Services Division, Department of Public Health and Human Services, (DPHHS), stood in favor of the bill. They have been offering cash benefits through an electronic benefit transfer system. It is like a debit card. There was some antiquated language in Section 53-2-608; it still referenced mailing checks as the method by which DPHHS delivered public assistance. Almost half the cash benefits are delivered electronically. The Department, though, has resisted eliminating checks completely.
{Tape: 1; Side: A; Approx. Time Counter: 0 - 10.3}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

The sponsor closed.
{Tape: 1; Side: A; Approx. Time Counter: 10.3 - 11.8}

HEARING ON HB 529

Sponsor: **REP. CHRISTINE KAUFMANN, HD 81, HELENA**

Opening Statement by Sponsor:

REP. CHRISTINE KAUFMANN opened the hearing on **HB 529.** The bill would create an at-risk family stabilization program. Families do not have access to enough cash to buy the things they need. This bill would help them in that endeavor. In Section 5, Line 22, the bill states that for those families who are on TANF and are receiving child support, the first $100 will pass through to the family and be disregarded as income in determining their eligibility for TANF. Currently, if a family is on TANF and is also owed child support, the money collected by Child Support Enforcement Division is retained by the state if it is less than the TANF benefit. It does not pass through to the family. If the family received their child support, they may not need to be on TANF. If the child support is more than the TANF benefit, the Department sends the support to the family minus the amount of the TANF benefit. If this bill passes, and if the support money is less than the TANF benefit, $100 of that money would be added to their TANF benefit. This is called the pass through. The non-custodial parent who owes child support would be more inclined to pay if they know that $100 is going to go to their kids.

Section 1 is an earned income tax credit. This bill will go to the tax committee. Families need to be working and would be entitled, at the end of the year, to be in the TANF program. They do not have to be in the TANF program but it would be for those who meet that level of poverty. This would provide an incentive for those parents to go to work. They could then apply for the earned income tax credit. There is a program like this at the federal level which began in 1975. It was expanded in 1986, again in 1990, again in 1993, and again in 2001. President Reagan said it was the best job creation measure ever to have come out of Congress. It is the most effective anti-poverty program at the federal level. If a family receives the federal tax credit, an additional 15% would be granted by the State of Montana. It is a refundable tax. If the family does not owe that much tax, they would get the remainder refunded to them. ***{Tape: 1; Side: A; Approx. Time Counter: 11.8 - 22.2}***

Proponents' Testimony:

Judy Smith, Word and Homeward, handed out three articles: (1) Getting More Child Support to Children, (2) Earned Income Tax Credit and (3) A Hand Up. The families they work with absolutely

want to work. The jobs available to them are mostly low-paying and do not allow them to meet their basic needs. This bill would help them in that respect. They may be able to get food stamps, but they can't get that extra cash for fixing a car. Employment helps people to get off TANF. She spoke in strong support of the bill.
EXHIBIT(huh32a02)
EXHIBIT(huh32a03)
EXHIBIT(huh32a04)
{Tape: 1; Side: A; Approx. Time Counter: 22.2 - 30}

Katrina Dalrymple, Representing Herself, Missoula, commented that she is not currently on TANF. She is fortunate to be employed full-time and is making an adequate salary. Her children are on Medicaid and she still receives food stamps. If she received the full amount of child support that is owed to her each month, she would not need welfare at all. The child support pass through would be a very useful tool. When she was on TANF, she would wait for her earned income credit each year and would buy as much toilet paper, diapers, etc. as she could store in her home. This year she will use that money to buy a bunk bed and have her car repaired. She asked the committee to support the bill.
{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.5}

Kim Abbott, Working for Equality and Economic Liberation (WEEL), Helena, concurred with the above testimonies. These two sources of income will mean the difference between having a phone or not and other differences. She stood in strong support of the bill.
{Tape: 1; Side: B; Approx. Time Counter: 4.5 - 5.4}

Kate Cholewa, Montana Coalition Against Domestic and Sexual Violence, said that stability is most important as women move off assistance and into the work force. More income means more stability. This would also help them to be on their own and not move back into a violent situation for financial reasons.
{Tape: 1; Side: B; Approx. Time Counter: 5.4 - 6.3}

Eric Schiedermayer, Montana Catholic Conference, stood in support of the bill. The bill comes with a price tag, but it would enhance their lives, dignity and self respect.
{Tape: 1; Side: B; Approx. Time Counter: 6.3 - 8}

Linda Gryczan, Montana Women's Lobby, urged the Committee's support and thought the bill was excellent.
{Tape: 1; Side: B; Approx. Time Counter: 8 - 8.4}

Opponents' Testimony:

Hank Hudson, Administrator, Human and Community Services Division, DPHHS, said he would explain in more detail, on the next bill, the Department's position on how the TANF block grants are used and their philosophy on this use. When a bill like HB 529 comes before DPHHS, the Department asks three questions: (1) Is the proposal philosophically consistent with how the Department believes a person assumes responsibility, seeks employment and leaves poverty as best they can with assistance from the state? (2) Does the proposal allow them to meet the federal and work participation requirement laws to receive the $44 million block grant? (3) Does the proposal allow the Department to remain solvent and live within their budget and allotted funds? This bill came out ahead on most of those criteria. The only one that failed is that it did not fit into the TANF budget. The Department also did not think it was the best use of TANF money. The federal earned income tax credit is great. The child support pass through is also good.
{Tape: 1; Side: B; Approx. Time Counter: 8.4 - 12}

Informational Testimony:

Lonnie Olson, Administrator, Child Support Enforcement Division, DPHHS, offered to be available for any questions.

Jim McKeon, Department of Revenue, advised that he was also available for questions.
{Tape: 1; Side: B; Approx. Time Counter: 12 - 12.5}

Questions from Committee Members and Responses:

REP. DAVE MCALPIN questioned Mr. Hudson about who proposed and implemented the budget. **Mr. Hudson** said it was the responsibility of the Governor to submit a budget to the Legislature. The budget submitted by Governor Schweitzer to the Legislature could not afford this bill. However, if the Department is directed to spend more than what is in the Governor's budget, they will do that.

CHAIRMAN BECKER asked which part of the bill was not affordable under the current budget. **Mr. Hudson** responded that both the earned income tax credit, which is the largest item in the bill and accounts for over $3 million of a $4 million fiscal note, is TANF money and pass through is also TANF money. The pass through is $750,000 which is considerably less than the earned income tax credit.
{Tape: 1; Side: B; Approx. Time Counter: 12.5 - 14.1}

REP. TOM FACEY inquired if child support money was paid directly to the family, would they receive the full amount. **Mr. Olson** said that was correct.

REP. FACEY continued and asked if the state collected the money and gave it to the family, would they receive the full amount. **Mr. Olson** said that was correct.

REP. FACEY asked for an explanation. **Mr. Olson** explained that if a family received TANF and child support, they would be registered with his Division. The entire amount of child support is assigned to the State and the Federal Government in exchange for the receipt of TANF. The question then becomes, is a profit going to be generated for the Federal Government or the State. If $1,000 is paid in child support and the TANF grant is less than that, the surplus would be given to the family. If the child support is $150 and the TANF benefit is $350, the $150 is divided between the Federal Government and the State. The division is based on the percent contributed by the Federal Government and the State, which is approximately 70% and 30% respectively.
{Tape: 1; Side: B; Approx. Time Counter: 14.1 - 17.8}

REP. EMELIE EATON thought there was a discrepancy on Page 23, Number 6 of the fiscal note that stated the average hourly wage was $7.48. **Mr. Hudson** offered that was an average amount. Many who leave TANF go into minimum wage jobs. The calculation was taken from their eligibility system where people had to report their earnings. Also, they are only part-time employees. If they worked full time at that salary, they wouldn't be eligible for TANF.
{Tape: 1; Side: B; Approx. Time Counter: 17.8 - 19.6}

Closing by Sponsor:

REP. KAUFMAN urged the Committee to keep the bill in the "mix of things." She also asked the Committee to prioritize the programs.
{Tape: 1; Side: B; Approx. Time Counter: 19.6 - 20.7}

HEARING ON HB 387

Sponsor: **REP. CAROL JUNEAU, HD 16, BROWNING**

Opening Statement by Sponsor:

REP. CAROL JUNEAU opened the hearing on **HB 387** which would restore TANF cuts and restrict future cuts. There are three

major policy issues addressed in the bill: (1) Make a policy, by law, to restore the cuts made to TANF families in August 2003 by DPHHS, (2) Make the eligibility standard be set at 40.5% of the Federal Poverty Level (FPL). (She had an alternate plan in her exhibit, "TANF Spending Scenarios.") and (3) Set up a TANF Advisory Council to act in an advisory capacity to protect the interest of families. The council would consist of two legislators, tribal community representatives, three members of TANF recipients, and two members from the public at large.

She did not sign the fiscal note because she did not agree with it. She questioned DPHHS' forecast of an increase in needy families. She realized that her proposal might be too much and asked the committee to look at her alternate proposal. The plan allowed for restoration of cuts to 35% of the FPL. Cash benefits would increase up to $467 per month based on a family of three. She had eliminated many projects that DPHHS had listed.
{Tape: 1; Side: B; Approx. Time Counter: 20.7 - 32 REP. JUNEAU finished her opening on Tape: 2; Side; A}

REP. JUNEAU gave statics from her second handout, "TANF Caseload - Montana - Number of Indians". She read from her third handout about children in poverty according to certain counties. She urged passage of HB 387.
EXHIBIT(huh32a05)
EXHIBIT(huh32a06)
EXHIBIT(huh32a07)
{Tape: 2; Side: A; Approx. Time Counter: 0 - 6.4}

Proponents' Testimony:

Aart Dolman, Representing Himself, Great Falls, stood in strong support of the bill. He serves on the Foundation Board of the Golden Triangle Medical Center. More than half of their clients are on TANF. He gave the committee a brief overview of his life and his work. He was given a chance when he came to this country and he wanted others to have the same opportunity.
{Tape: 2; Side: A; Approx. Time Counter: 6.4 - 15.1}

Kim Abbott, WEEL, Helena, was in support of the bill and asked the Committee to be creative as they looked at the bill and how it could be funded. She questioned DPHHS' assessment on an increase in beneficiaries. She made her own calculations which she handed to the Committee. The average length of a family in the TANF program is nine months. TANF is a stabilization program, not a long-term program. This bill will make a dramatic difference in the lives of poor families.
EXHIBIT(huh32a08)
{Tape: 2; Side: A; Approx. Time Counter: 15.1 - 18.7}

James W. St. Goddard, Blackfeet Tribe, informed the Committee that he had a need to help people and had been on the Blackfeet council for eight years. The Blackfeet have the largest welfare recipient population in the State. Seven hundred and twenty receive welfare and 430 receive general assistance. Most of their funds come through the State. If the money would come directly to them, they might be able to overcome this welfare problem. The State takes about 10-20% of their money. They would have approximately $500 million if they received their money directly.
{Tape: 2; Side: A; Approx. Time Counter: 18.7 - 26.8}

Colleen McCarthy, Executive Director, Helena Housing Authority, Helena, asked the Committee to please support HB 387. The cuts in TANF benefits have had a tremendous affect on the children. By the end of the month they have no money to buy food, shoes, or the basics. These cuts need to be restored.
{Tape: 2; Side: A; Approx. Time Counter: 26.8 - 29.9}

Stephanie Fox, Representing Herself, introduced herself by saying she was 23 years old and has three children: four years, two years and a one-year old. She had been receiving $456 a month through TANF and she is having a tough time surviving. She got a job and was making about $800 a month; but today, she was fired from her job because she did not have childcare.
{Tape: 2; Side: A; Approx. Time Counter: 29.9 - 32.9}

Sherry Hayes, a domestic violence survivor, introduced herself by saying that she could not work. It takes most of her energy, due to her medical issues, just to meet the requirements to receive her benefits. She has one son who goes to Intermountain Children's Home daycare program and another son who does not. She appreciates the programs that have been available to her and she is thankful for her family.
{Tape: 2; Side: B; Approx. Time Counter: 0 - 4.9}

Kate Cholewa, Montana Coalition Against Domestic and Sexual Violence, said that in Montana, under welfare reform, systems were expanded, positions were upgraded and the caseload itself was more than cut in half. Every time the belt is tightened, the families are the ones who take the hit. It's a pattern that needs to stop and she encouraged the Committee to support the bill.
{Tape: 2; Side: B; Approx. Time Counter: 4.9 - 6}

Katrina Dalrymple, Representing Herself, Missoula, introduced herself as a single mother of three and a survivor of domestic

violence. She handed in her testimony.
EXHIBIT(huh32a09)
{Tape: 2; Side: B; Approx. Time Counter: 6 - 7.8}

Linda Gryczan, Montana Women's Lobby, asked one question, "How can we, in good conscience, hold onto $22 million when families are living on $375 per month?"

Terry Kendrick, Women's Opportunity and Resource Development Center, read some summaries they had received from women.
EXHIBIT(huh32a10)
{Tape: 2; Side: B; Approx. Time Counter: 7.8 - 11.9}

Tara Veazey, Attorney, Montana Legal Services Association, stood in support of the restoration of TANF benefits. As a service provider to people of 125% of FPL and to people under 187% of FPL, she believed that for every unique story the committee has heard, there are hundreds of others throughout the state. They have seen first hand what the cuts have done to their clients. The State Bar of Montana, the Montana Legal Services Association, the Montana Supreme Court, and the Equal Justice Task Force collaborated on a legal-needs study. They had received 862 surveys from across the State. Though their focus was on legal needs and aimed at the 125% of FPL, there were several questions regarding monetary needs and problems. Twenty-nine percent said that at one point, in a year's time, they could not afford basic medical health care. Twenty-five percent said they had to choose at least once, if not more often, between basic necessities like food or utilities. She urged a do pass.
{Tape: 2; Side: B; Approx. Time Counter: 11.9 - 15.4}

Judy Smith, Word and Homeward, had two charts to which she referred. "TANF Eligibles" shows the eligibles sharply dropping which happened when the benefits were cut. The first priority for needy families is not training or childcare but shelter. TANF used to be a great program. Now, with the benefits so low, training and childcare is of no value to them. She was adamant that they need stabilized shelter first. Other choices are available and she hoped they would look at those.
EXHIBIT(huh32a11)
{Tape: 2; Side: B; Approx. Time Counter: 15.4 - 18.4}

Don Judge, Teamsters Local 190, stood in strong support of HB 387 because it was the right thing to do. He said that addressing poverty at the roots is absolutely necessary. Children don't learn when they're hungry; adults don't work if they are sick. Health care is more expensive if it is delayed. He urged the Committee to think that this problem IS THE concern of the

Legislature. He handed out a newspaper article from Bishop George Thomas.
EXHIBIT(huh32a12)
{Tape: 2; Side: B; Approx. Time Counter: 18.4 - 23.4}

Opponents' Testimony:

Hank Hudson, Administrator, Human and Community Services Division, DPHHS, said it was difficult to stand in opposition to the bill because his Department wrestles with these kinds of decisions 365 days a year. They have to decide between medicine for mentally ill people, diapers for foster kids, telephones for TANF recipients, etc. DPHHS looks to the Legislature for guidance and appropriation. He referred to his handout, complied by DPHHS, "Using TANF Funds to the Greatest Advantage, SFY 06-07." Block grants for TANF are received every year from the Federal Government. The amount does not go up with more recipients. That is why it is necessary for the State to be diligent each year with the funding requests. If there is a surplus, it is carried over to the next year. When Congress passed this legislation it was titled, "The Personal Responsibility Work- Opportunity Reconciliation Act." This created the block grant called, "The Temporary Assistance For Needy Families (TANF)." These words carried the message that Congress and the President sent to the states. Montana has been recognized as the top state for placing TANF recipients into the workforce. The State was awarded about $10 million for that. The money was spent on energy, childcare, food for food banks, etc. for needy people. DPHHS was not happy with the cuts in TANF benefits. That happened because of the decisions made about reserve TANF funds.
EXHIBIT(huh32a13)

No one is going to get out of poverty by raising the rate of TANF benefits. It was not designed to do that. The only way out of poverty is work, and that is not a guarantee with the wages in Montana. Out of the $40 million received, approximately $23 million will be paid out in benefits. They projected a caseload increase on the upper end as a precautionary move. If it is not projected high and the remainder of the money is allocated and the caseload goes up, the State is back to cutting benefits. Approximately $8 million is spent on administration and cost-allocation. The Department transferred $9 million to childcare and the plan is to do that every year. Childcare is the most important commitment they make when a person goes to work. Congress agreed that childcare was very important because they felt if it worked, less money would go for benefits and more to

childcare. The Federal Government allowed 30% of the block grant to be transferred to childcare.
{Tape: 2; Side: B; Approx. Time Counter: 23.4 - 32. Mr. Hudson continued on Tape: 3}

Mr. Hudson outlined proposals of the Department which are listed on the second page of his handout: (1) Help people who are ready to go to work. (2) Help them to get better paying jobs by paying employers to train them. (3)Provide financial incentives to complete drug and alcohol treatment, completing GED programs, etc. The total projected expenditure for 2006 is $49.5 million and $50.3 million in 2007. Both figures are over and above Montana's block grant. Page 4 shows the history and future of the TANF block grant. It shows where the money has gone, where it is going to go and how much there will be at the end of each year. He pointed out, on the bottom line, the amount of unspent TANF money that the State carries over to the next year. At the end of 2005, $23 million will be carried over because of a drop in caseload and because of the TANF benefit cuts. This was not as much unspent capital as two sessions ago. Next year it will be $15 million; in 2007 it will be $7.3 million. If DPHHS does nothing differently than what is being done right now and the caseload does not go up, in 2008 they will go in the hole by $1.6 million--and deep into the hole in 2009 by $11.5 million.

The block grant was set in 1996 and has not changed in all these years. **Mr. Hudson** said that no other human service program that he had worked for had been frozen for a decade. Everything has gone up but the grant. DPHHS may need money from the general fund by 2008. He suggested the committee study this page well.

The next few pages are a "Family of Three." These were put in to show what a family of three receive. The first sheet includes Medicaid and the second sheet does not include Medicaid. In Montana, a package of benefits had been put together for low-income families. With those benefits combined with work, even part-time, minimum wage work, it will help people to at least approach the poverty level.

The last page shows how Montana compares to neighboring states. Montana is in the middle of the pack. Montana has been more than willing to spend money and has over the years distinguished itself by spending and sometimes overspending. DPHHS will work with whatever amount of money is available and will work with the Legislature to that extent. DPHHS is committed to present a balanced budget with the revenues that are available.
{Tape: 3; Side: A; Approx. Time Counter: 0 - 11.3}

Informational Testimony: None

Questions from Committee Members and Responses:

REP. DON ROBERTS wondered if helping newly-released prisoners with TANF benefits could be put in the DPHHS budget. **Mr. Hudson** answered that DPHHS had requested a bill to allow them to pay TANF benefits and food stamp benefits to convicted drug felons. Currently, federal law prohibits the payment of these benefits to convicted drug felons unless the Montana Legislature takes affirmative action.
{Tape: 3; Side: A; Approx. Time Counter: 11.3 - 13}

REP. ROBERTS inquired whether $2 million could be taken out of the surplus of the $23 million and used to subsidize rent for TANF recipients. **Mr. Hudson** responded that if DPHHS took $2 million, money would have to be taken from another program. The tracking sheet is helpful to see how this works.
{Tape: 3; Side: A; Approx. Time Counter: 13 - 14.7}

REP. ROBERTS asked if the caseload projections are low or high. **Mr. Hudson** said their projections have been consistently high. They have a process; they look at historic trends. They run averages, seasonal patterns, etc. The budget office also does a projection using their own methodology. An average is taken of the two.

REP. MIKE MILBURN asked for clarification on the "Family of Three" handouts. **Mr. Hudson** pointed out that "TANF cash" and "supportive services" come from TANF money. Also, some childcare comes from TANF.

REP. MILBURN inquired about Montana and the surrounding states. He asked if DPHHS had figures for other states' payout for food stamps, telephone assistance, etc. **Mr. Hudson** said that his Department did not have that information.
{Tape: 3; Side: A; Approx. Time Counter: 14.7 - 18.3}

CHAIRMAN BECKER inquired about the block grant and the State's obligation. **Mr. Hudson** replied that the federal grant was set. The state's Maintenance of Effort (MOE) is a minimum set by federal law before Montana receives the $40 million. The state can spend more than the minimum but not less than.
{Tape: 3; Side: A; Approx. Time Counter: 18.3 - 19.5}

CHAIRMAN BECKER asked some questions on the TANF Blook Grant Analysis sheet (Exhibit 13). **Mr. Hudson** explained that benefit amounts for 2006 and 2007 are based on the current benefit with a projected three percent increase of the caseload each year.

CHAIRMAN BECKER felt the problem seemed to be the transfer of childcare money out of TANF. **Mr. Hudson** concurred that is the largest non-benefit expenditure.

CHAIRMAN BECKER wondered if other monies were found for childcare, would more money be freed up for benefit increases. **Mr. Hudson** agreed.
{Tape: 3; Side: A; Approx. Time Counter: 19.5 - 20.7}

REP. RON STOKER asked what comes out of the general fund. **Mr. Hudson** said Maintenance of Effort (MOE) is general fund money.

REP. STOKER said if other monies were found for childcare, would it be general fund money. **Mr. Hudson** agreed but explained that the money spent on childcare would not count toward the TANF MOE. They are already maximizing what can be counted in the childcare budget for TANF MOE.

REP. MARY CAFERRO invited Ms. Smith to comment on "going in the hole." **Ms. Smith** said her perception was that for a number of years, the projections were used to lock everyone into the way the program was planned. The Department runs that projection; they line out the dollars; and if everything runs as they predict, that is what the "hole" is. There are variables; the projections and proposed spending are subject to change. She urged the committee to look at the other proposals.
{Tape: 3; Side: A; Approx. Time Counter: 20.7 - 23.1}

Closing by Sponsor:

REP. JUNEAU asked the committee to compare her green sheet with the Department's proposal. She felt that different things could be done. She urged the committee to restore the TANF cuts.
{Tape: 3; Side: A; Approx. Time Counter: 23.1 - 30. The tape was turned to begin the next hearing.}

HEARING ON HB 555

Sponsor: **REP. MARY CAFERRO, HD 80, HELENA**

Opening Statement by Sponsor:

REP. MARY CAFERRO opened the hearing on **HB 555.** (The tape was not running when REP. CAFERRO opened HB 555.) The bill was entitled: "An act creating the Montana Parents as Scholars program; requiring the Department of Public Health and Human Services to

create a state-funded program with Temporary Assistance for Needy Families (TANF), Maintenance of Effort (MOE) funds to fund public assistance to recipients in approved educational programs."

Proponents' Testimony:

Eric Schiedermayer, Montana Catholic Conference, was aware that poverty is a problem in Montana. This bill allows school attendance to fulfill the work requirement mandated by the Federal Government. This would promote economic self-sufficiency for beneficiaries of TANF.

Brandi Sweet, TANF Recipient, introduced herself as a single mother with a four-year-old son. She is a student at the University of Montana. She strongly believes that education, not work, is the first step out of poverty. She is an honor student and the first of her family to graduate from high school and college. With this education, she is going to be able to provide for her son and herself. She urged the Committee to support the bill.
{Tape: 3; Side: B; Approx. Time Counter: 0 - 4}

Kim Abbott, WEEL, Helena, quoted, "Individuals with less than a high school education have the lowest amount of human capital and are at the greatest risk of becoming poor despite their work effort." This quote was from the U.S. Department of Health and Human Services, in a report titled, "Indicators of Welfare Dependants, 2001." This bill, encouraging education, will move people toward self-sufficiency. She urged a do pass.
{Tape: 3; Side: B; Approx. Time Counter: 4 - 5.7}

Jessica Grennan, Associated Students, University of Montana, stood in strong support of the bill and concurred with Ms. Abbott. College graduates are more likely to vote, save their money, more likely to volunteer, and support charitable institutions. They are less likely to commit a crime. Children of college graduates are more likely to attend college themselves. She urged the Committee to pass the bill.
{Tape: 3; Side: B; Approx. Time Counter: 5.7 - 7}

Linda Gryczan, Montana Women's Lobby, said that the issue of education is a priority of the American Association of University Women (AAUW). Provision of jobs, in itself, does not get people out of poverty. This is a good program. She asked for their support.
{Tape: 3; Side: B; Approx. Time Counter: 7 - 7.9}

Judy Smith, Word and Homeward, informed the Committee that her organization used to run a model program for DPHHS, called the

Jobs Program. They found that those who went to university or a vo-tech college, found jobs that were much higher paying than if they had gone straight to work. She urged their support.
{Tape: 3; Side: B; Approx. Time Counter: 7.9 - 8.9}

Opponents' Testimony:

Hank Hudson, Administrator, Human and Community Services Division, DPHHS, said their opposition to the bill is not about the value of education. It revolves more around money issues. When welfare reform started in Montana, before federal reform, it was called FAIM. There was limited access to two- and four-year schools. Only so many people took advantage. There was never a majority of the people on the caseload. When federal reform was instituted, the Department was allowed to keep their waiver and could count anything as a work activity. They continued with a very liberal approach to post-secondary education. The Department lost those waivers and the Federal Government did not think of college as a work activity. Under Federal law, the Department allows people to attend college for twelve months as their primary work activity. They can go to college for 20 hours a week, work for 10 hours a week, and childcare is paid for all 30 hours plus TANF benefits. In the second year, they can go to college for 10 hours a week and work for 20 hours.

This bill would require the Department to take some of their MOE general fund money and carve it out to create a Separate State Program. The Federal Government doesn't like Separate State Programs and they require the State to do a great deal of reporting. The biggest part of the fiscal note is the cost of reprogramming the systems. Reporting to the Federal Government would be different. There would be a fiscal impact on childcare. The bill allows more childcare than is allowed now for people going to school. The Department and the Sponsor have discussed this and it may be eliminated. The bill has merit, but is not affordable at this time. Between the Legislature and the Governor, there may be ways to fund these things. The Department is supporting the Governor's budget and that is the reason the Department has to oppose the bill.
{Tape: 3; Side: B; Approx. Time Counter: 8.9 - 13.6}

Informational Testimony: None

Questions from Committee Members and Responses:

REP. GORDON HENDRICK asked if online education would be possible through Montana universities. **Mr. Hudson** felt that would be a great way to go. Other states are ahead of Montana on this. Rural states have jumped on the idea.

REP. HENDRICK inquired how the program could be implemented. **Mr. Hudson** could not really answer that question. He offered that it would take more than DPHHS. The universities and the private sector need to be involved. DPHHS could supply people who need to learn and some of the money.
{Tape: 3; Side: B; Approx. Time Counter: 13.6 - 16.6}

REP. RON STOKER commented that HB 555 included high school and/or GED level. **Mr. Hudson** replied that if people are under 20 years of age and are pursuing their GED, that can be counted as their whole program.

REP. STOKER informed the Committee that there is a distance learning program that SENATOR LAIBLE and the University of Montana are already activating and another program is being started by the Montana School Board Association.
{Tape: 3; Side: B; Approx. Time Counter: 16.6 - 18.9}

REP. TERESA HENRY inquired about the fiscal note on the bill.

REP. MARY CAFERRO advised the committee she had not seen the fiscal note till just that moment. She stated that she was going to address the fiscal note in her closing.

REP. TOM MCGILLVRAY wondered if the passage of HB 555 would affect federal funds. **Mr. Hudson** replied that the bill would not cause the loss of any monies.
{Tape: 3; Side: B; Approx. Time Counter: 18.9 - 19.4}

REP. DON ROBERTS asked if Mr. Hudson had concerns other than the reprogramming. **Mr. Hudson** had some moderate concerns that people who do not stand to benefit from post-secondary education might choose that option and burn up their 60 months of eligibility and still not be employable. It also seemed to extend the time people remain on the program. Philosophically, one could debate whether TANF was ever intended to be a supplement to help people go to college.
{Tape: 3; Side: B; Approx. Time Counter: 19.4 - 21.1}

REP. ROBERTS inquired if DPHHS could help, in some way, those who would benefit by have post-secondary education. **Mr. Hudson** responded they could come close but was not sure they could without the bill.
{Tape: 3; Side: B; Approx. Time Counter: 21.1 - 21.9}

Closing by Sponsor:

REP. CAFERRO explained that she was not trying to compete for funds. The number one purpose of TANF is for TANF families. However, education is one of the best ways out of poverty. She, herself, is a testimony to that fact. For a small number of families, she hoped the committee would pass the bill. The fiscal note read $498,000 for a systems setup and would take 4,890 hours; she questioned those figures. She would be willing to amend the bill to eliminate childcare so the fiscal note would be less.
{Tape: 3; Side: B; Approx. Time Counter: 21.9 - 25}

ADJOURNMENT

Adjournment: 6:45 P.M.

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REP. ARLENE BECKER, Chairman

_____
MARY GAY WELLS, Secretary

AB/mw

Additional Exhibits:

EXHIBIT(huh32aad0.PDF)